

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)

of)

MOLOKAI PUBLIC UTILITIES, INC.)

For review and approval of rate)
increases; revised rate schedules;)
and revised rules.)

Docket No. 2009-0048

PUBLIC UTILITIES
COMMISSION

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FILED

**MOLOKAI PUBLIC UTILITIES, INC.'S
FIRST SUBMISSION OF INFORMATION REQUESTS
TO WEST MOLOKAI ASSOCIATION**

and

CERTIFICATE OF SERVICE

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INC.


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**MOLOKAI PUBLIC UTILITIES, INC.'S
FIRST SUBMISSION OF INFORMATION REQUESTS
TO WEST MOLOKAI ASSOCIATION**

COMES NOW, MOLOKAI PUBLIC UTILITIES, INC. ("MPU"), by and through its attorneys, Morihara Lau & Fong LLP, hereby submits its First Submission of Information Requests to West Molokai Association ("WMA") consistent with the Stipulated Regulatory Schedule (Exhibit "A") contained in the Stipulated Prehearing Order, filed on November 6, 2009.

DATED: Honolulu, Hawaii, January 19, 2010.



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Attorneys for MOLOKAI PUBLIC UTILITIES,
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DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

**FIRST SUBMISSION OF INFORMATION REQUESTS
TO WEST MOLOKAI ASSOCIATION**

INSTRUCTIONS

In order to expedite and facilitate MPU's review and analysis in the above matter, the following is requested:

1. For each response, WMA should identify the person who is responsible for preparing the response as well as the witness who will be responsible for sponsoring the response should there be an evidentiary hearing;
2. Unless otherwise specifically requested, for applicable schedules or workpapers, WMA should provide hard copies of each schedule or workpaper together with one copy of each such schedule or workpaper on electronic media in a mutually agreeable format (e.g., Excel and Quattro Pro, to name two examples); and
3. When an information request makes reference to specific documentation used by WMA to support its response, it is not intended that the response be limited to just the specific document referenced in the request. The response should include any non-privileged memoranda, internal or external studies, assumptions, WMA instructions, or any other relevant authoritative source which WMA used.
4. Should WMA claim that any information is not discoverable for any reason:
 - a. State all claimed privileges and objections to disclosure;
 - b. State all facts and reasons supporting each claimed privilege and objection;

- c. State under what conditions WMA is willing to permit disclosure to MPU (e.g., protective agreement, review at business offices, etc.); and
- d. If WMA claims that a written document or electronic file is not discoverable, besides complying with subparagraphs 4(a-c), identify each document or electronic file, or portions thereof, that WMA claims are privileged or will not be disclosed, including the title or subject matter, the date, the author(s) and the addressee(s).

DOCKET NO. 2009-0048

MOLOKAI PUBLIC UTILITIES, INC.

**FIRST SUBMISSION OF INFORMATION REQUESTS
TO WEST MOLOKAI ASSOCIATION**

MPU-IR-WMA-101 Ref: WMA Testimony-1, p.1, I.17-18

- a. Identify each of the 812 separate, owned interests in real property that are active members of WMA.
 1. How many members pay annual dues?
 2. When was the last membership meeting held and how many members attended?
 3. How many members reviewed WMA's presentation (including information requests, testimony, etc.) in *MPU's rate proceeding*?
 4. Did the WMA Board meet to discuss and approve the presentation?

MPU-IR-WMA-102 Ref: WMA Testimony-1, p.1, I.20-21

Identify each of the differences between "what we have" and "what we once had."

MPU-IR-WMA-103 Ref: WMA Testimony-1, p.2, I.12-13

Identify each action that has result in "manipulation" or "abandonment".

MPU-IR-WMA-104 Ref: WMA Testimony-1, p.2, l.19-23

Provide all documents and/or citations to support the following statements and comments on lines 19 to 23 in that paragraph:

- a. Legal obligation to provide water service.
- b. Identify the activities and procedures included in "land banking."
- c. Identify the activities that the complicated MPL's operations.
- d. Identify the activities that have made MPL's operations unduly expensive.
- e. Explain what property is being referred to and how and why that property may be forfeited.
- f. Identify all of the major challenges that are "faced" by the County, residents of the island of Molokai, the State government and WMA.
- g. Explain how each of the above elements are the responsibility of MPU and why they should be considered by the Commission in this rate application.

MPU-IR-WMA-105 Ref: WMA Testimony-1, p.3, l. 2-5

- a. Identify each of the "sources" of the "crisis situation" that the "shareholder" over time has committed that support a position that no return to the shareholder should be allowed.
- b. Provide copies of all documents submitted by WMA or any of its members to the Commission or other governmental

agency showing any prior action related to the operation of MPU.

- c. Provide all evidence or documentation showing that past actions by MPU have created a crisis situation that would support denial of a return on investment to its shareholder.

MPU-IR-WMA-106 Ref: WMA Testimony-1, p. 5, l. 9-10

- a. Identify with specificity all data required by WMA that was not available to WMA.
 - 1. Provide WMA's estimate of the one-time cost of providing this data.
 - 2. Provide WMA's estimate of the ongoing cost of obtaining, preparing and monitoring the data requested.
- b. Provide all supporting documentation and calculations made by Mr. Dunham for the rates shown on Exhibit WMA-102.

MPU-IR-WMA-107 Ref: WMA Testimony-2, p.5, l.19-22

Provide an estimate for the cost of developing a systematic plan for maintenance, repair and improvement.

- a. Provide an estimate for the cost of implementing the systematic plan.
- b. Is WMA prepared to pay for the costs of developing and operating under such a systematic plan?
- c. What does WMA believe is the timetable for such a plan?

- d. Identify all the system functions that WMA say “need repair and improvement.”

MPU-IR-WMA-108 Ref: WMA Testimony-2, p.6, l.1-7

- a. Provide all documents supporting the statement that the backwash water was conveyed to the Golf Course.
- b. Provide all calculations or estimates of the amount of backwash water provided.
- c. Provide all calculations or estimates of the value of any backwash water actually provided.

MPU-IR-WMA-109 Ref: WMA Testimony-2, p.6, l. 21-23

Explain why billing information for the water loss calculations were not taken from the data provided in responses IRs and SIRs in this proceeding.

MPU-IR-WMA-110 Ref: WMA Testimony-2, p.8, l. 10-11

Provide the inventory levels used in the calculations:

- a. For the two reservoirs mentioned in testimony.
- b. For the water stored at the MIS.
- c. Is WMA aware that the DOH has approved the storage of MPU water in the MIS in the event of a breakdown in Well 17?
 - 1. If no water storage at the MIS was used, please explain why the changes in the water stored in the MIS was not measured in the WMA calculations.

MPU-IR-WMA-111 Ref: WMA Testimony-2, p. 17, I. 1-3

Provide an update to the testimony and calculations referred to which would use the responses to WMA's SIRs.

- a. Provide any support that shows Well 17 water is or has been provided to WOM over an extended period of time.
- b. Provide any support that WMA has that MPU intends to provide water to WOM from Well 17 over any extended period of time.

MPU-IR-WMA-112 Ref: WMA Testimony-3, p. 2, I. 16-18

- a. Provide a complete listing of all small (Revenues under \$2,000,000) water and /or wastewater settled rate applications Mr. Fujino has participated in and provide the *estimated and actual rate case expenses for each*.
- b. Provide a complete listing of all small (Revenues under @ 2,000,000) water and /or wastewater litigated rate applications Mr. Fujino has participated in and provide the *estimated and actual rate case expenses for each*.
- c. Provide a listing of all other cases Mr. Fujino has participated in and the *estimates and actual rate case expenses for each*.
- d. Provide a listing of all cases Mr. Fujino is aware of and the *estimates and actual rate case expenses for each*.
- e. Define and provide support for what Mr. Fujino considers to be "excessive amounts of money" for

1. A small water and/or wastewater case that is settled.
 2. A small water and/or wastewater case that is fully litigated without intervenors.
 3. A small water and/or wastewater case that is fully litigated with one intervenor.
 4. A small water and/or wastewater case that is fully litigated with more than one intervenor.
 5. Provide support for the estimates or actual amounts used in the responses above.
- f. Does Mr. Fujino believe that the expenditures for all of the different cases and parties in the case as shown in part (e) above should be the same?
1. Provide support and rationale for your response.

MPU-IR-WMA-113 Ref: WMA Testimony-3, p. 3, l. 2

Provide a detailed calculation supporting the \$100,000 estimate for rate case expense, including:

- a. Number of hours and burdened pay rates for Company personnel for provision of the raw financial and operational data required for the application.
- b. Number of hours and rates for regulatory consultants required for the preparation of the application.
- c. Number of hours and rates for legal work required for the preparation of the application.

- d. Number of hours and burdened pay rates for Company personnel for provision of the raw financial and operational data required during discovery to respond to discovery.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- e. Number of hours and rates for regulatory consultants required for the work required to respond to the discovery requests.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- f. Number of hours and rates for legal work required for the discovery phase of the proceeding.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- g. Number of hours and burdened pay rates for Company personnel for provision of the raw financial and operational data required during the rebuttal phase of the proceeding.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.

- h. Number of hours and rates for regulatory consultants required for the work required during the rebuttal phase of the proceeding.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- i. Number of hours and rates for legal work required for the rebuttal phase of the proceeding.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- j. Number of hours and burdened pay rates for Company personnel for provision of the raw financial and operational data required during the hearing and briefing phase of the proceeding.
 - 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- k. Number of hours and rates for regulatory consultants required during the hearing and briefing phase of the proceeding.

1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- l. Number of hours and rates for legal work required during the hearing and briefing phase of the proceeding.
 1. Identify and provide hours and costs of how that amount would differ with the increase in the number of intervenors.
- m. Please provide Mr. Fujino's estimate for a certified independent audit report for a water company the size of MPU.
 1. Provide detailed supporting calculations including:
 - i. Time required for each audit level on the job.
 - ii. Hourly rates used in the estimate.
 - iii. Estimate of Company personnel time and burdened expenses required to provide support for the audit.

MPU-IR-WMA-114 Ref: WMA Testimony-3, p. 3, l. 4-6

Provide a detailed calculation of the number of years Mr. Fujino believes the inclusion of the automatic adjustment clauses will extend the period of time between rate cases.

MPU-IR-WMA-115 Ref: WMA Testimony-3, p. 3, l. 6-8

Provide all supporting data for the use of a seven-year amortization period for the rate case expense.

MPU-IR-WMA-116 Ref: WMA Testimony-3, p. 3, l. 11-13

- a. Define and provide all of the components on what Mr. Fujino means by "under normalized conditions."
- b. Provide each element that Mr. Fujino believes are not normalized conditions.
- c. Show how each of those elements contributed to the difference between the rate case expense actually incurred and Mr. Fujino's estimate of a "reasonable amount".

MPU-IR-WMA-117 Ref: WMA Testimony-3, p. 6, l. 23, p. 7, l. 1-3

- a. Provide all the data on demographics, lot sizes, remoteness/concentration/proximity, values of the property with and without access to potable water, terrain/pumping requirements, size/length of water mains, and all other factors considered.
- b. Explain with particularity and in detail how these data led to spreading the capacity revenue requirements as proposed by WMA.

MPU-IR-WMA-118 Ref: WMA Testimony-3, p. 7, l. 11-13

Is WMA's proposed rate structure an attempt by WMA to penalize or punish MPL for closing the golf course in 2008 and not re-opening the Kaluakoi Hotel? Please fully explain your response.

MPU-IR-WMA-119 Ref: WMA Testimony-3, p. 7, l. 15-17

- a. Explain what is meant by "customers . . . who have MPU's facilities making potable water readily available."
- b. Identify these customers.

MPU-IR-WMA-120 Ref: WMA-302

Why does WMA-302 reflect the 8 employees shown on MPU's workpaper 10.1 of its original filing for its calculations of salaries, wages, payroll taxes and benefits ("S&W") instead of the 6 employees addressed in responses to IRs and SIRs and as noted in Mr. Fujino's testimony (WMA Testimony-3, p. 4, l. 8)?

MPU-IR-WMA-121 Ref: WMA-302

- a. Identify any other functions (other than those listed on Exhibit WMA 302), page 2 of 2 required for the safe and reliable operation of a small water company.
- b. If none can be identified, please explain how the following functions, services or elements would be provided to serve customers:
 - 1. Preparation of payroll
 - 2. Employee insurance

3. Customer billing
4. Receipt and recording of customer payments for utility service
5. Ordering of required materials and supplies
6. Ordering and monitoring of construction expenditures and other plant additions

MPU-IR-WMA-122 Ref: WMA-302

a. Please explain if the quantity and man-hours shown on Exhibit WMA 302, page 2 of 2 include the inclusion of plant additions for new meters, a lateral replacement tool and other items.

1. If the response to part (a) above is positive, explain how the labor related to those labor savings tools can be included in the test year ended June 30, 2010 when it is over one-half completed and those labor saving tools have not been acquired and will likely not be acquired until late in the test year.
2. If the labor savings from the use of the tools is included in the test year, explain why 100% of the new plant is required to provide that savings.

b. Confirm that the 5,953 hours shown on line 14 reflects slightly less than 3 full time employees for MPU.

1. Does WMA propose that only 3 employees be used by MPU?
 2. If not, describe how many employees would be required under WMA's recommendation.
 3. If not, describe how the other time for the total number of employees would be recovered.
- c. Explain, using only the hours provided in Exhibit WMA 302 how the Company could possibly perform the systematic maintenance activities called for by Mr. Marusich in his testimony (WMA Testimony-2, p. 5, l. 19).
 - d. Provide support for the 10% contingencies on line 11.
 - e. Provide support for the 10% of paid absence.
 - f. Explain how the Company would provide for backup during vacation periods, illness or other events.

MPU-IR-WMA-123 Ref: WMA-304

Explain why, if all tax amounts should be removed, per the response to CA-SIR-20, why the rate base reduction for HCGETC should not be removed also.

MPU-IR-WMA-124 Ref: WMA-305

Provide all support for the calculation of each rate on Exhibit WMA 305:

- a. Provide square foot areas for each of the improved and unimproved parcels.

1. Explain why the monthly customer charges for the improved and unimproved parcels are different.
 2. Provide calculations that support the differences.
 3. Provide the map used to identify the location of each parcel or explain how the numbers for each group were identified.
- b. Provide square foot areas for each condominium and hotel unit.
1. Explain why the monthly customer charge for each condominium unit and hotel unit should be the same.
 2. *Provide estimate of water used for each size condominium unit and for each size of hotel unit.*
- c. Provide all data supporting the monthly fixed charge for the golf course.
1. Explain how this calculation relates to the calculation of the monthly charge for each other parcel or unit shown on the exhibit.
- d. Explain why the wholesale monthly rates shown in section B are different.
- e. Explain why those monthly rates are approximately one-half of the monthly rate for the golf course.

MPU-IR-WMA-125 Ref: WMA-305

- a. Explain and show the specific support for the calculations of the consumption charges.
 - 1. Provide detailed description on the differences in the two rates.
 - 2. Explain why the Kaalapuu Town and Water Treatment Processing should be charged the wholesale rate for water usage.
 - 3. Explain why the golf course should not be charged the wholesale rate.

MPU-IR-WMA-126 Ref: WMA-306

- a. Provide calculations supporting the annual revenues on Exhibit WMA 306.
- b. Provide explanation for (e) shown on the line for Wholesale revenue from WOM for WTP.
- c. Explain the late fee increase of 200% over the present rate revenue when WMA is proposing an increase of approximately 100%.
 - 1. Identify which customer classifications will cause the increase in the late payment fee revenue.

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA Executive Director Department of Commerce and Consumer Affairs Division of Consumer Advocacy 335 Merchant Street, Suite 326 Honolulu, Hawaii 96813	3 copies Hand Deliver
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MARGERY S. BRONSTER, ESQ. JEANNETTE H. CASTAGNETTI, ESQ. Bronster Hoshibata 2300 Pauahi Tower 1003 Bishop Street Honolulu, HI 96813	1 copy Hand Deliver
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Attorney for MOLOKAI PROPERTIES LIMITED

DATED: Honolulu, Hawai'i, January 19, 2010.



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